

Community Preservation Act Committee Proposal Request Form for FY 2014

Date: December 9, 2013

CPA funding category

Check all that apply

- ☒ Community Housing
- ☐ Open Space
- ☐ Historic Preservation
- ☐ Recreation

Submitting Entity: Pioneer Valley Habitat for Humanity

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Overview of Proposal:

Pioneer Valley Habitat for Humanity (PVHH) requests \$80,000 in CPA funds for the construction of affordable homeownership housing units at 235 East Pleasant Street, the site of the former Hawthorne Farm.

The parcel is currently owned by the Town of Amherst and has been designated by Town Meeting vote for affordable housing. After much study and analysis, it was determined that the existing home and barn could not be salvaged and should be demolished in order to clear the lot for new construction. This work has been completed and an RFP to select a developer is scheduled for release in the near future. We feel confident that PVHH will be the successful bidder because the project is likely financially infeasible for other developers due to the required affordable housing restriction and the relatively small scale of the project. However, it is exactly the type of project for which PVHH has a proven track record of success.

We are requesting CPA funds now, contingent on being selected as the developer, because CPA proposals are only accepted once a year and we would like to break ground as soon as possible. If we wait another year for funding it would significantly delay the project.

PVHH's model for building affordable housing fully engages the community and the eventual homeowner to provide the majority of the labor in the construction of Habitat homes. This volunteer component is unique to Habitat for Humanity and significantly reduces the cost of construction which is how we are able to successfully complete small scale projects. In our 25 year history in the Pioneer Valley, we have built 35 homes. Six of these homes have been completed in Amherst with significant support from the Town of Amherst, area churches, colleges, small businesses and hundreds of individual volunteers.

If selected as the developer of Hawthorne Farm, PVHH will construct two housing units on the site in accordance with the requirements of the RFP. These new units will conform to the dimensional standards of the Department of Housing and Community

Development (which are slightly smaller than the original footprint) and will be designed to both blend with the surrounding homes in the neighborhood and recall the traditional design elements of the original structure. These two story structures will feature three bedrooms and one and ½ baths. They will be built for the highest level of energy efficiency and if possible will be sited to face south in order to incorporate solar panels which will give these homes the potential to achieve net zero energy.

Construction will be led by an experienced volunteer Build Team, whose members reside in Amherst. They will be assisted by a construction supervisor with over 20 years of experience in the field. Site supervisors and regular volunteers will be scheduled and coordinated by a staffed position at PVHH. This high performing team will ensure that the construction of these two homes progress at a steady pace to both minimize the disruption in the neighborhood and meet the need for affordable housing in the community in a timely way.

Prior to construction, PVHH will work with appropriate town staff to submit a Local Initiative Program application which will initiate the process for the unit's inclusion on the State of Massachusetts' Subsidized Housing Inventory list. The process includes the execution of a regulatory agreement, the submission for approval of an affirmative fair housing marketing plan and upon sale of the unit; the filing of a DHCD prepared deed restriction and resale multiplier certificate. These steps are in accordance with PVHH's policy and procedures and will ensure the availability of these homes as affordable housing for generations to come.

Describe how your request meets the CPA criteria:

1. Description of funding including:

- a. **Documentation of cost estimates:** The construction costs of our homes average \$125,000 and full development costs average \$162,000 per home including design and engineering, insurance, financing, marketing plus an 11% for developer overhead and fee which is below the state standard for affordable housing development. We do not include any construction overhead and profit in our construction budgets. The estimates contained in the attached budget are based on recently completed projects of similar scope and size. If awarded development rights, the budget will be further refined, particularly to address the site costs specific to this location.
- b. **Other sources of funding, e.g., grants, self-funding, fundraising:** Below is an outline of our expected sources of funding, their amount and some detail about our history with these funds.

Funding Source	Amount Expected	Notes
Community Preservation Fund	\$ 80,000	PVHH has been a responsible steward of CPA funds in Amherst and Northampton for over 10 projects.
Federal Home Loan Bank (FHLB)	\$ 60,000	Funds small projects with \$30,000/per unit. PVHH for a strong track record of accessing these funds for its projects including Belchertown Road and the Stanley Street projects.
Xeric Foundation	\$ 5,000	Solid funder of Habitat Homes. Typically makes one gift of \$5,000 each year.
Thrivent Financial	\$ 50,000	This funder is focused exclusively on Habitat for Humanity due its alignment as a Christian based organization. Although we haven't utilized this source before, conversations between their funding staff and PV Habitat board and staff leave us feeling confident in our ability to capture these funds.
United Way	\$ 10,000	
Team Builds/Home Sponsorships	\$ 20,000	This new program organizes groups of people who would like to build together. They are required to fundraise before they can build. Typical teams include church groups, sports team, private schools, and small business employees.
Fund for Humanity	\$ 40,000	The source of money for this fund is the repayment of mortgages made by current partner families already living in Habitat homes.
Community Foundation of Western, MA	\$ 30,000	PVHH has a solid track record with CFWM and we typically receive \$30,000 per year.
Individual Donors	\$ 29,178	This will be raised through individual gift solicitations.
Homeowner Down payment	\$ 1,400	Each homeowner is required to make a \$700 down payment.
Total	\$325,578	

- c. Timeline on how CPA funds, if awarded, would be spent:** We are requesting CPA funds for the development of 2 units of affordable housing and expect to begin expending funds in the summer of 2014 and to have fully drawn down the award (minus 10% holdback) by the fall of 2015. Below is the summary chart of the phases of development:

Phase	Timeline	Notes
Pre-Development	December 2013 – April 2014	This phase entails responding to the RFP and

		if selected, developing and executing a regulatory agreement with the Town and submitting a LIP application with DHCD.
Permitting	May – September 2014	We expect to require a special permit for our plans since by right, only one unit is allowed on the lot. Therefore, we have given ample time to allow for public input and zoning board of appeals process.
Post Permit Regulatory Requirements	September – Oct 2014	Post permit, DHCD requires a review of the affirmative fair housing marketing plan. This typically requires a 30 day window.
Pre – Construction	September – Oct 2014	Budget refinement, site preparation. Foundation poured.
Construction	November 2014 – April 2016	Construction of both homes

- d. Timeline for spending funds; expectation for spending over multiple years:**
We expect to begin expending CPA funds in the summer of 2014 and have fully drawn down the award by the fall of 2015 (minus the 10% holdback).

2. Urgency of the Project, if any – As stated in the recently published Amherst Housing Production Plan, the pace of housing development has not matched the pace of the population growth in Amherst. This widening affordability gap has resulted in the out-migration of young families and the increase number of students living off-campus as traditional family housing is reused for student living. Most troubling is the declining economic and age diversity as lower income younger individuals and families simply cannot afford to make Amherst their home.

The plan indicates that there is a need for an additional 505 housing units affordable for families earning between 30% and 50% of area median income. This is precisely the demographic that is targeted by PVHH and for which these proposed units will be built. We see this need every day when we answer the phone from families searching for

housing and at our information sessions. Our most recent information session for one home in Northampton was attended by 45 individuals seeking a homeownership opportunity.

Our ability to move forward with this project and meet the pressing need for housing in Amherst is entirely governed by availability of funds and many of our other funders are motivated by the involvement of the community where the project will be located. Therefore, a commitment from the Community Preservation Committee early in the process would enable us to commence fundraising from other sources and begin our preconstruction work.

3. Estimated timeline from receipt of funds to Project completion: Assuming the award is made in April of 2014, we expect to complete the project within 24 months (April 2016) as outlined previously.

4. Acquisition or preservation of threatened resources – N/A

5. Population(s) to be served by the Project – Marketing for our homes is conducted in accordance with Massachusetts Affirmative Fair Housing regulations which will ensure that the units will count on the Subsidized Housing Inventory list. Our mission is to serve households earning between 30% and 50% of area medium income as defined by HUD. The chart below represents the most current income limits for each family size.

Family Size	Income Range (30-50% of HUD median income)
1	\$17,200 - \$28,700
2	\$19,650 - \$32,800
3	\$22,100 - \$36,900
4	\$24,550 - \$40,950
5	\$26,550 - \$44,250
6	\$28,500 - \$47,550
7	\$30,450 - \$50,800
8	\$32,450 - \$54,100

Applicants are required to provide third party documentation to verify the income stated on their application. Once an applicant is deemed income eligible for a Habitat home, our family selection committee examines three basic criteria in making its recommendation to the Board of Directors:

1. **Ability to Pay –** Another unique feature of Habitat for Humanity's model is that we provide financing for the partner family with a zero interest loan. Terms range between 20 and 30 years and may be adjusted to ensure that the homeowner's monthly housing costs do not exceed 30% of their income.
2. **Willingness to Participate as a Partner Family -**

i. Partner families are required to complete 250 hours of sweat equity for each adult household member for a maximum of 500 hours. Activities that contribute to sweat equity include the following:

1. 16 hours of volunteer service in the Habitat Office or at an event
2. Participation in a 1st Time Homebuyer's class
3. At least 250 hours assisting in the home building process including actual construction, clearing the lot, painting and landscaping
4. Friends and/or other family may contribute to sweat equity hours for any of the above activities for up to 50 hours.

ii. Partner families must be willing to accept a mentor who will guide them through the process of completing their required sweat equity hours, help them through the mortgage closing process and check in with them in the first year of homeownership.

Note that in the event a partner is disabled or otherwise unable to do physical labor, their mentor and the Habitat office will work out a modified alternative plan with the family.

3. Need -

PV Habitat for Humanity prioritizes households that lack adequate housing and that are unable to achieve homeownership through conventional means. Lack of adequate housing may include problems with the present structure, water, electrical or sewage systems, heating system, or failure to meet legal, safety, and/or health standards. Overcrowding and insufficient number of bedrooms for the age and sex of the children area also considered housing inadequacies. Other examples of need include households that are paying well over 30% of the income on their current living situation.

6. How the Project is prioritized by requesting Town committees or commissions – Before submitting our response to the Hawthorne Farm housing RFP, PVHH will schedule to meet with the Amherst Housing and Sheltering Committee to make sure our proposal supports Amherst's affordable housing needs.

7. Other information regarding the Project deemed necessary for CPAC: Pioneer Valley Habitat for Humanity has a successful track record of building homes in Amherst of similar size and scope. We have been responsible stewards of the CPA funds that have been entrusted to us and we have been an important organization to help the town fulfill its need to increase its affordable housing stock and maintain its economic and social diversity. We welcome any questions you may have about the proposal and look forward to the opportunity to present our ideas and plans at your upcoming meeting.

Pioneer Valley Habitat for Humanity

Hawthorne Farm Development Budget

Total Per Unit %

Cash Sources

Community Preservation Fund	80,000	40,000	25%
Federal Home Loan Bank (FHLB)	60,000	30,000	18%
Xeric Foundation	5,000	2,500	2%
Thrivent Financial	50,000	25,000	15%
Team Builds/Home Sponsorships	20,000	10,000	6%
Fund for Humanity	40,000	20,000	12%
Community Foundation of Western, MA	30,000	15,000	9%
Individual Donors	29,178	14,589	9%
Homeowner Down Payment	1,400	700	0%
Total Cash Sources	325,578	162,789	100%

Cash Uses

Direct Construction Costs	252,759	126,380	78%
Construction Contingency 5%	12,638	6,319	4%
Soft Costs	24,005	12,003	7%
Subtotal Development Costs	289,402	144,701	89%
Developer Fee & Overhead	36,175	18,088	11%
Total Development Costs	325,578	162,789	100%

Pioneer Valley Habitat for Humanity

Draft Construction Budget - Hawthorne Farm

Division	Description	Total	Per Unit
1	General Conditions		
1	Mobilization		
	moving	500.00	250.00
	shed	750.00	375.00
1	Recurring	4,000.00	2,000.00
	storage		-
	porta-potty		-
	trash		-
	site power (gas for generator etc.)		-
	temporary heat		-
1	Construction services, approvals		
	construction manager	9,000.00	4,500.00
	permits	4,000.00	2,000.00
	Equipment purchases & rentals	2,500.00	1,250.00
	Miscellaneous		-
2	Site Work		
2	Site work, including permits		
	roadwork & general site utilities	20,000.00	10,000.00
	excavation	7,000.00	3,500.00
	landscaping	3,000.00	1,500.00
3	Concrete		
3	Foundation & Slab	44,160.00	22,080.00
	foundation		-
	slab		-
6	Wood & Plastics		
6	Rough carpentry	14,200.00	7,100.00
6	Interior Trim	3,500.00	1,750.00
6	Kitchen & Bath, cabinets, counters	7,500.00	3,750.00
7	Thermal & Moisture		
7	Roofing	15,000.00	7,500.00
7	Exterior siding and trim	7,400.00	3,700.00
7	Insulation	9,000.00	4,500.00
8	Doors & Windows		
8	Doors & Windows		
8	Windows	12,000.00	6,000.00
8	Exterior doors	5,000.00	2,500.00
8	Interior doors	3,000.00	1,500.00
9	Finishes		
9	Drywall		
	installation (incl. materials)	3,000.00	1,500.00
	finishing	7,500.00	3,750.00
9	Flooring	6,000.00	3,000.00
9	Interior & Exterior Painting	3,000.00	1,500.00
15	Mechanical		
15	Plumbing & Heating, including permit		
	materials	15,500.00	7,750.00
	labor	9,000.00	4,500.00
15	Natural Gas or Propane	2,000.00	1,000.00
16	Electrical		
16	Electrical, including permit		
	materials	4,999.00	2,499.50
	fixtures	1,000.00	500.00
	labor	9,250.00	4,625.00
16	Photo Voltaics	20,000.00	10,000.00
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Total Direct Construction Costs		\$ 252,759.00	\$ 126,379.50